VHEMBE DISTRICT MUNICIPALITY

VIREMENT POLICY

INDEX

1. OBJECTIVE

The objective of the virement policy is to provide guidelines to be followed, to effect virements of approved budgeted expenditure during the course of financial year.

2. PRINCIPLES

2.1. Virements should not be permitted in relation to the revenue side of the budget;

2.2. Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management(e.g. the management of central insurance funds and insurance claims from separate votes);

2.3. Virements from capital budget to the operating budget should not be permitted;

2.4. Virements towards personnel expenditure should not be permitted;

2.5. Virements to or from the following items should not be permitted : bulk purchases, debt impairment, interest charges, depreciation, grants to individuals, revenue foregone, insurance and VAT;

2.6. Virements should not result in adding new projects to the capital budget;

2.7. Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted;

2.8 Virements may not exceed a maximum of 10% of the total approved operating budget per Vote.

2.9 No virement may be made where it would result in unathorised expenditure. (section 32 MFMA)

2.10 No virements are permitted in the first three month or the final month of the financial year without the express approval of the Accounting Officer

3. GUIDELINES

3.1. Virement of any budgeted expenditure between the line items can only be approved by the Municipal manager with the recommendation from the Chief Financial Officer.

3.2. Virement of any budgeted expenditure between votes can only be approved by the mayor, upon consideration of a report from Municipal manager to support the necessity thereof, which also extends to the authorization of unforeseeable or unavoidable expenditure not provided for in the budget.

4. AUTHORIZATION

All changes to be authorized in the adjustment budget or by council committee subsequent thereto.

5. **VIREMENT APPROVAL FORM**

VHEMBE DISTRICT MUNICIPALITY

VIREMENT APPROVAL

KINDLY EFFECT THE FOLLOWING CHANGES ON MY BUDGET

DEBIT

Vote Number	Description	Amount

CREDIT

Vote Number	Description	Amount

MOTIVATION

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REQUESTED BY HEAD OF DEPARTMENT: NAME……………………………….

SIGNATURE ……………………….
DATE……………………………….

RECOMMENDED BY CHIEF FINANCIAL OFFICER: NAME ……………………………..

SIGNATURE……………………….
DATE……………………………….

APPROVED BY MUNICIPAL MANAGER: NAME……………………………..
SIGNATURE……………………….

: DATE…………………………………...